



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 07-004

RESOLUTION

TO REVIEW RULES §3-81-17.51, "LICENSE FEES," §3-81-17.58, "TRADE NAME; CHANGE; FEE," §3-82-33.11, "APPLICATIONS FOR INDIVIDUAL PERMITS TO RECEIVE SHIPMENTS OF LIQUOR," AND §3-83-54.1, "FILING FEES," OF THE RULES OF THE LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU.

WHEREAS, on November 9, 2005, the City Council of the City and County of Honolulu approved Resolution 05-034, FD1, the principal effect of which was the amendment of Rule §3-81-17.51, "License Fees," of the Rules of the Liquor Commission of the City and County of Honolulu, which increased the annual license fees imposed on liquor license holders under the jurisdiction of the Liquor Commission; and

WHEREAS, Resolution 05-034, FD1, required that the Liquor Commission resubmit the aforementioned Rules by December 31, 2006, for reconsideration by the Council, a copy of which is attached hereto as Exhibit A; and

WHEREAS, after due consideration of information provided by the Liquor Commission, the Council is satisfied that Rule §3-81-17.51, "License Fees," both provides for the Liquor Commission's projected revenue needs for the upcoming fiscal years, while not being unduly prejudicial to the interests of liquor license holders; now, therefore,

BE IT RESOLVED by the City Council of the City and County of Honolulu that the Liquor Commission has satisfactorily met the requirement of resubmission of Rules §3-81-17.51, "License Fees," §3-81-17.58, "Trade Name; Change; Fee," §3-82-33.11, "Applications for Individual Permits to Receive Shipments of Liquor," and §3-83-54.1, "Filing Fees," of the Rules of the Liquor Commission of the City and County of Honolulu; and



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BE IT FINALLY RESOLVED that the City Clerk is directed to transmit certified copies of this resolution to the Director, Department of Budget and Fiscal Services, and to the Liquor Commission of the City and County of Honolulu.

INTRODUCED BY:

Burt Hersholt (Bk)

DATE OF INTRODUCTION:

JAN 03 2007
Honolulu, Hawaii

Councilmembers

§3-81-17.51 License Fees.

- (a) The fees for licenses shall be per annum except where specified. In addition to the basic license fee, an additional license fee will be assessed. This additional license fee will be assessed if the gross liquor sales achieves a certain threshold (hereinafter referred to as 'deductible'). The additional license fee assessment will be calculated on the net of the gross liquor sales less a deductible. The deductible will be prorated for licenses issued during the course of the fiscal year.

***The deductible will be calculated through the following formulas:**

1) Calculation of fund balance at the end of the year

BFB = Beginning Fund Balance

LRF = License Renewals Fees collected

ALF = Additional License Fee collected

MR = Miscellaneous Revenue (Estimated = average over three years)

BUD = Budget for the current fiscal year

PEFB = Projected Ending Fund Balance

$$\text{BFB} + \text{LRF} + \text{ALF} + \text{MR} - \text{BUD} = \text{PEFB}$$

2) Calculation of Additional Fees required for the next fiscal year

BFB1 = PEFB from formula #1

LRF = License Renewals Fees (same as formula #1)

ALF1 = CALCULATED Additional License Fee

MR = Miscellaneous Revenue (same as formula #1)

BUD1 = Budget as submitted to Council for the next fiscal year

EFB1 = Ending Fund Balance (Ten percent of BUD1)

$$\text{ALF1} = \text{EFB1} + \text{BUD1} - \text{BFB1} - \text{LRF} - \text{MR}$$

3) Calculation of the DEDUCTIBLE

The gross liquor sales for each licensee will be entered into a database. The gross liquor sales will be analyzed and based on the assessment rate of the respective class and additional license fees required (ALF1), the deductible for the fiscal year will be calculated.

A maximum additional assessment fee has been established for each class. The fees for licenses based on different classes, kinds, and categories shall be as follows:

CLASS**KIND****FEES**

1	Manufacturer	
	(a) Beer.....	1,320, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$2,500 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
	(b) Wine.....	\$660, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$1,200 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
	Wine manufactured from fruits grown in the State.....	\$120
	(c) Alcohol.....	\$360
	(d) Other Liquors.....	\$1,320, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$2,500 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
2	Restaurant	
	(a) General (includes all liquor, except alcohol)	
	(1) Category 1 – Standard.....	\$1,200, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(2) Category 2 – Music/Dancing.....	\$1,320, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(b) Beer & Wine	
	(1) Category 1 – Standard.....	\$900, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07;

\$25,000 in FY08 and thereafter.

(2) Category 2 – Music/Dancing.... \$960, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(c) Beer

(1) Category 1 – Standard..... \$360, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(2) Category 2 – Music/Dancing..... \$420, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

3 Wholesale

(a) General (includes all liquor except alcohol) \$2,640, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.

(b) Beer & Wine \$840, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.

(c) Alcohol \$120

4 Retail

(a) General (includes all liquor except alcohol)..... \$1,200, and one-quarter of one percent (0.0025) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$10,000 in FY07; \$15,000 in FY08 and thereafter.

(b) Beer & Wine..... \$900, and one-quarter of one percent (0.0025) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$10,000 in FY07; \$15,000 in FY08 and thereafter.

(c) Alcohol..... \$60

5

Dispenser

(a) General (includes all liquor, except alcohol)

(1) Category 1 – Standard..... \$1,200, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(2) Category 2 – Nudity..... \$1,440, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(3) Category 3 – Music/ Dancing..... \$1,320, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(4) Category 4 – Hostess..... \$1,440, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(5) Categories 3 & 4..... \$1,500, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(6) Categories 2 & 3..... \$1,620, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07;

	\$25,000 in FY08 and thereafter.
(7) Categories 2 & 4.....	\$1,620, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(8) Categories 2, 3 & 4.....	\$1,740, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(b) Beer & Wine	
(1) Category 1 – Standard.....	\$900, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(2) Category 3 – Music/Dancing.....	\$960, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(3) All other combinations.....	\$1,020, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(c) Beer	
(1) Category 1 - Standard.....	\$360, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(2) Category 3 – Music/Dancing.....	\$420, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

	(3) All other combinations.....	\$540, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
6	Club.....	\$660, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$10,000 in FY06; \$13,000 in FY07; \$15,000 in FY08 and thereafter.
7	Vessel.....	\$660
8	Transient Vessel	
	(a) Per day.....	\$60
	(b) Per year.....	\$1,320
9	Tour/Cruise Vessel.....	\$900, and one-half of one percent (0.005) of four (4) times the amount of liquor purchased less a *deductible, not to exceed \$5,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.
10	Special, per day	
	(a) General (includes all liquor, except alcohol).....	\$60
	(b) Beer & Wine.....	\$40
	(c) Beer.....	\$30
11	Cabaret, General	
	(a) Category 1 - Standard.....	\$1,980, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$20,000 in FY06; \$25,000 in FY07; \$30,000 in FY08 and thereafter.
	(b) Category 2 – Nudity	\$2,400, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$20,000 in FY06; \$25,000 in

		FY07; \$30,000 in FY08 and thereafter.
12	Hotel, General.....	\$3,960, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$30,000 in FY06; \$38,000 in FY07; \$45,000 in FY08 and thereafter.
13	Caterer, General.....	\$30 per day
14	Brewpub.....	\$1,680, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$25,000 in FY06; \$33,000 in FY07; \$40,000 in FY08 and thereafter.
15	Temporary.....	\$275 for an initial period of one hundred twenty (120) days or any part of the period the license was in use, and the current rate of assessment of the respective license class of the license applied to the total gross liquor sales.
		The fee for renewal of such license shall be \$275 for the renewal period or any part of the period the license is in use, and the current rate of assessment of the respective license class of the license applied to the total gross liquor sales.

(b) Solicitors' and Representatives' Permits. The fees for solicitors' and representatives' permits shall be for each license year (commencing on July 1 and ending on the succeeding June 30) and shall be in the following amounts: General, \$140; Beer and Wine, \$85; Alcohol, \$6.

§3-81-17.58 Trade Name; Change; Fee.

A new licensee or transferee shall have a choice of trade name, however, any trade name must be registered with the State Department of Commerce and Consumer Affairs. Any current or pending licensee desiring to change an existing or previous trade name shall submit to the Commission a Certificate of Registration of Trade Name issued by the State Department of Commerce and Consumer Affairs, showing approval of that registration. A processing fee of \$30.00 shall be assessed by the Commission for any change of existing trade name to include a license transfer.

§3-82-33.11 Applications for Individual Permits to Receive Shipments of Liquor.

(a) Any person twenty-one (21) years of age or older may apply to the Commission, on the form prescribed by the Commission and upon payment of a permit fee of \$12.00, for a permit to receive a shipment of liquor from outside the State, within the limits allowed by Chapter 281, Hawaii Revised Statutes.

(b) The application form shall include the following information:

- (1) A description of the liquor as to type, brand or trade name, domestic or imported and quantity.
- (2) Whether the liquor is an unsolicited gift unavailable in the State, or part of the applicant's household goods.

§3-83-54.1 Filing Fees.

A filing fee of \$250 shall be paid with an application for a new license or the transfer of an existing license, as required by Section 281-54, Hawaii Revised Statutes. The filing fee shall be applied to the payment of the license fee required by Rule 17.5-2 where the license is granted and shall become a realization of the City where the license is denied or the application is withdrawn.